

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-69926; File No. SR-NYSEArca-2013-67)

July 3, 2013

Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Amending the NYSE Arca Equities Schedule of Fees and Charges for Exchange Services to Modify the Credits for Certain Mid-Point Passive Liquidity Orders, Add Two New Tiers Applicable to Transactions in Tape B Securities, Add a Pricing Tier Applicable to Orders of ETP Holders for Tape A and Tape C Securities that are Eligible to be Routed Away from the Exchange, and Modify the Equity Threshold Applicable to the Cross-Asset Tier

Pursuant to Section 19(b)(1)<sup>1</sup> of the Securities Exchange Act of 1934 (the “Act”)<sup>2</sup> and Rule 19b-4 thereunder,<sup>3</sup> notice is hereby given that, on June 20, 2013, NYSE Arca, Inc. (the “Exchange” or “NYSE Arca”) filed with the Securities and Exchange Commission (the “Commission”) the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the self-regulatory organization. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization’s Statement of the Terms of the Substance of the Proposed Rule Change

The Exchange proposes to amend the NYSE Arca Equities Schedule of Fees and Charges for Exchange Services (the “Fee Schedule”) to (i) modify the credits for certain Mid-Point Passive Liquidity (“MPL”) Orders, (ii) add two new tiers applicable to transactions in Tape B Securities, (iii) add a pricing tier applicable to orders of ETP Holders for Tape A and Tape C Securities that are eligible to be routed away from the Exchange, and (iv) modify the equity threshold applicable to the Cross-Asset Tier. The Exchange proposes to implement the fee changes on July 1, 2013. The text of the proposed rule change is available on the Exchange’s

---

<sup>1</sup> 15 U.S.C.78s(b)(1).

<sup>2</sup> 15 U.S.C. 78a.

<sup>3</sup> 17 CFR 240.19b-4.

website at [www.nyse.com](http://www.nyse.com), at the principal office of the Exchange, and at the Commission's Public Reference Room.

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the self-regulatory organization included statements concerning the purpose of, and basis for, the proposed rule change and discussed any comments it received on the proposed rule change. The text of those statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant parts of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

The Exchange proposes to amend the Fee Schedule to (i) modify the credits for certain MPL Orders, (ii) add two new tiers applicable to transactions in Tape B Securities, (iii) add a pricing tier applicable to orders of ETP Holders for Tape A and Tape C Securities that are eligible to be routed away from the Exchange, and (iv) modify the equity threshold applicable to the Cross-Asset Tier.<sup>4</sup> The Exchange proposes to implement the fee changes on July 1, 2013.

**MPL Orders**

The Exchange proposes to add an "MPL Order Tier" applicable to MPL Orders that provide liquidity on the Exchange and modify an existing credit for such orders.<sup>5</sup>

Currently, under various tiers and Basic Rates, MPL Orders that provide liquidity on the Exchange receive a credit of \$0.0015 per share for Tape A and Tape B Securities and a credit of

---

<sup>4</sup> The proposed changes would apply to securities with a per share price of \$1.00 or above.

<sup>5</sup> A Passive Liquidity ("PL") Order is an order to buy or sell a stated amount of a security at a specified, undisplayed price. See Rule 7.31(h)(4). An MPL Order is a PL Order executable only at the midpoint of the Protected Best Bid and Offer. See Rule 7.31(h)(5).

\$0.0020 per share for Tape C Securities. The Exchange proposes to add a new tier under which MPL Orders that provide liquidity on the Exchange would receive a credit of \$0.0020 per share for Tape A, B and C Securities for ETP Holders, including Market Makers, that execute an average daily volume (“ADV”) of MPL Orders during the month that is 0.0775% or more of U.S. consolidated ADV (“CADV”).<sup>6</sup> As is currently the case, for all other fees and credits, Tiered or Basic Rates would apply based on a firm’s qualifying levels.<sup>7</sup> In this regard, for ETP Holders that do not satisfy the proposed MPL Order Tier threshold, an MPL Order that provides liquidity on the Exchange would receive the existing credit of \$0.0015 per share for Tape A and Tape B Securities. The Exchange also proposes that under the existing tiers and Basic Rates that provide credits for MPL Orders, the \$0.0015 per share credit that applies to Tape A and B Securities would also apply to Tape C Securities, instead of the current \$0.0020 per share rate.

For example, if U.S. CADV during the month is 6.5 billion shares across Tapes A, B and C, an ETP Holder would need to execute an ADV of at least 5,037,500 shares of MPL Orders during the month in order to qualify for the applicable MPL Order Tier credit of \$0.0020 per share, in which case the ETP Holder’s executions of MPL Orders that provide liquidity on the Exchange would receive a credit of \$0.0020 per share for Tape A, B and C Securities. Under this example, an ETP Holder that executes an ADV less than 5,037,500 shares of MPL Orders during the month would not qualify for the MPL Order Tier and, therefore, the ETP Holder’s executions of MPL Orders that provide liquidity on the Exchange would receive a credit of \$0.0015 per share for Tape A, B and C Securities.

---

<sup>6</sup> U.S. CADV means United States Consolidated Average Daily Volume for transactions reported to the Consolidated Tape and excludes volume on days when the market closes early.

<sup>7</sup> The existing \$0.0030 fee applicable to MPL Orders in Tape A, B and C Securities that remove liquidity from the Exchange would not change as a result of this proposal.

## **Tape B Tiers**

The Exchange proposes to add two new tiers applicable to transactions in Tape B Securities that provide liquidity on the Exchange.<sup>8</sup>

First, the Exchange proposes to add a new “Tape B Adding Tier” applicable to ETP Holders, including Market Makers, that provide liquidity of 0.675% or more of U.S. Tape B CADV for the billing month. A qualifying ETP Holder would receive a credit of \$0.0002 per share for orders that provide liquidity on the Exchange in Tape B Securities, which would be in addition to the ETP Holder’s Tiered or Basic Rate credit(s). For example, if U.S. Tape B CADV during the month is 1 billion shares, an ETP Holder would need to execute an ADV of at least 6.75 million shares of Tape B Securities during the month in order to qualify for the applicable credit of \$0.0002 per share.

Second, the Exchange proposes to add a new “Tape B Step Up Tier” applicable to ETP Holders, including Market Makers, that, on a daily basis, measured monthly, directly execute providing volume in Tape B Securities during the billing month (“Tape B Adding ADV”) that is equal to at least the ETP Holder’s May 2013 Tape B Adding ADV (“Tape B Baseline ADV”) plus 0.275% of U.S. Tape B CADV for the billing month. A qualifying ETP Holder would receive a credit of \$0.0004 per share for orders that provide liquidity on the Exchange in Tape B Securities, which would be in addition to the ETP Holder’s Tiered or Basic Rate credit(s). For example, if U.S. Tape B CADV during the month is 1 billion shares, and the ETP Holder’s Tape B Baseline ADV during May 2013 was 5 million shares, the ETP Holder would need to execute an ADV of at least 7.75 million shares of Tape B Securities during the month in order to qualify for the applicable credit of \$0.0004 per share (i.e., 1 billion shares CADV multiplied by 0.275%

---

<sup>8</sup> Existing fees applicable to transactions in Tape B Securities that remove liquidity from the Exchange would not change as a result of this proposal.

plus 5 million shares Tape B Baseline ADV).

Lead Market Makers (“LMMs”) on the Exchange could not qualify for either of the proposed new Tape B tiers, nor would LMM provide volume apply to the applicable volume requirements proposed for the new Tape B tiers. Additionally, ETP Holders that qualify for Investor Tier 1, Investor Tier 2, Investor Tier 3, the Retail Order Tier or the Retail Order Cross-Asset Tier could not qualify for either of the new Tape B tiers.<sup>9</sup> Also, ETP Holders that qualify for the proposed new Tape B Step Up Tier could not qualify for the proposed new Tape B Adding Tier (i.e., an ETP Holder that qualifies for the \$0.0004 credit under the Tape B Step Up Tier could not also receive the \$0.0002 credit under the Tape B Adding Tier). Finally, for ETP Holders that qualify for either of the proposed new Tape B tiers, Tiered or Basic Rates would apply to all other fees and credits, based on a firm’s qualifying levels.

### **Routable Order Tier**

The Exchange proposes to add a pricing tier applicable to orders of ETP Holders for Tape A and Tape C Securities that is based, in part, on the amount of an ETP Holder’s orders that are eligible to be routed away from the Exchange (“Routable Orders”).<sup>10</sup>

The Exchange proposes that ETP Holders that provide liquidity on the Exchange would receive a credit of \$0.0032 per share for their Routable and non-Routable Orders in Tape A and Tape C Securities if such ETP Holders, including Market Makers, (1) provide liquidity of 0.40% or more of U.S. CADV during the billing month across all Tapes, (2) maintain a ratio during the billing month across all Tapes of executed Routable Orders that provide liquidity to total

---

<sup>9</sup> Investor Tier 4 and Cross-Asset Tier ETP Holders would be eligible to qualify for the proposed new Tape B tiers.

<sup>10</sup> ETP Holders are able to include an instruction with their orders to determine whether the order will be eligible to route to an away exchange (e.g., to execute against trading interest with a better price than on the Exchange) or, for example, be cancelled if routing would otherwise occur.

executed provide liquidity of 75% or more, and (3) execute an ADV of provide liquidity during the billing month across all Tapes that is equal to at least the ETP Holder's or Market Maker's May 2013 provide liquidity across all Tapes plus 40%. An ETP Holder that qualifies for the proposed new Routable Order Tier would not be eligible for the Tape C Step Up Tier fee of \$0.0029 per share for removing liquidity or the Tape C Step Up Tier 2 credit of \$0.0002 per share for adding liquidity. For all other fees and credits, Tiered or Basic Rates apply based on a firm's qualifying levels.

For example, if U.S. CADV during the month is 6.45 billion shares, the ETP Holder would need to provide liquidity of at least 25.8 million shares to satisfy the first threshold (i.e., providing liquidity of 0.40% or more of U.S. CADV during the month). Additionally, based on a minimum of 25.8 million shares of required provide liquidity, the ETP Holder would need to execute at least 19.35 million Routable Orders that provide liquidity during the month (i.e., maintaining a ratio of executed Routable Order provide liquidity to total executed orders of 75% or more). Finally, if the ETP Holder's ADV of provide liquidity during May 2013 was 20,000,000 shares, the ETP Holder would need to execute an ADV of at least 8 million additional shares of provide liquidity during the month (i.e., executing an ADV of provide liquidity during the month that is equal to at least the ETP Holder's May 2013 provide liquidity plus 40%).

### **Cross-Asset Tier**

ETP Holders, including Market Makers, are currently able to qualify for the Cross-Asset Tier and a corresponding credit of \$0.0030 per share for orders that provide liquidity to the Exchange. To qualify for the Cross-Asset Tier, an ETP Holder must (1) provide liquidity of 0.45% or more of U.S. CADV per month and (2) be affiliated with an Options Trading Permit

(“OTP”) Holder or OTP Firm that provides an ADV of electronic posted Customer executions in Penny Pilot issues on NYSE Arca Options (excluding mini options) of at least 0.95% of total Customer equity and Exchange-Traded Fund (“ETF”) option ADV, as reported by the Options Clearing Corporation (“OCC”). For all other fees and credits, Tiered or Basic Rates apply based on a firm’s qualifying levels. The Exchange proposes to decrease the equity threshold from 0.45% to 0.40% of U.S. CADV.

## 2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act,<sup>11</sup> in general, and furthers the objectives of Sections 6(b)(4) and 6(b)(5) of the Act,<sup>12</sup> in particular, because it provides for the equitable allocation of reasonable dues, fees, and other charges among its members, issuers and other persons using its facilities and does not unfairly discriminate between customers, issuers, brokers or dealers.

### **MPL Order Tier**

The Exchange believes that the proposed change is reasonable because the proposed MPL Order Tier credit of \$0.0020 per share would incentivize ETP Holders to submit additional MPL Orders on the Exchange. This would increase the liquidity available on the Exchange and, therefore, could increase the potential price improvement to incoming marketable orders submitted to the Exchange. In this regard, MPL Orders allow for additional opportunities for passive interaction with trading interest on the Exchange and are designed to offer potential price improvement to incoming marketable orders submitted to the Exchange.<sup>13</sup>

---

<sup>11</sup> 15 U.S.C. 78f(b).

<sup>12</sup> 15 U.S.C. 78f(b)(4) and (5).

<sup>13</sup> See, e.g., Securities Exchange Act Release No. 54511 (September 26, 2006), 71 FR 58460, 58461 (October 3, 2006) (SR-PCX-2005-53).

The Exchange also believes that the proposed change is reasonable because decreasing the rate for the non-MPL Order Tier credit for Tape C Securities from \$0.0020 per share to \$0.0015 per share would align the treatment of MPL Orders in Tape C Securities that provide liquidity on the Exchange with that of Tape A and Tape B Securities for purposes of the Exchange's Fee Schedule. This aspect of the proposed change would also remove a pricing feature from the Fee Schedule that has generally not incentivized ETP Holders to submit additional MPL Orders in Tape C Securities, as was originally intended. In this regard, the current Tape C MPL Order credit of \$0.0020 was intended to increase the liquidity available on the Exchange in Tape C Securities, generally, and therefore increase the potential price improvement to incoming marketable orders submitted to the Exchange in Tape C Securities.<sup>14</sup> Instead, the Exchange believes that this increased liquidity may be accomplished by implementing a U.S. CADV requirement applicable to the proposed MPL Order Tier credit.

The Exchange believes that the proposed change is also equitable and not unfairly discriminatory because the MPL Order Tier would be available to all ETP Holders to qualify for and would apply equally to MPL Orders from all ETP Holders in all Tape A, B and C Securities traded on the Exchange.

Finally, the Exchange notes that certain other exchanges also structure pricing based on midpoint pricing, including with respect to applicable volume thresholds that must be satisfied in order to qualify for such pricing, and that the pricing levels proposed by the Exchange are competitive with those exchanges.<sup>15</sup>

---

<sup>14</sup> See Securities Exchange Act Release No. 68848 (February 6, 2013), 78 FR 9985, 9986 (February 12, 2013) (SR-NYSEArca-2013-09).

<sup>15</sup> For example, the Nasdaq Stock Market LLC ("NASDAQ") provides a credit of \$0.0020 per share for midpoint pegged or midpoint post-only orders ("midpoint orders") that provide liquidity if the member provides an ADV of 5 million or more shares through



## **Tape B Tiers**

The Exchange believes that the proposed change is reasonable because the proposed Tape B Adding Tier and Tape B Step Up Tier credits would encourage ETP Holders to send additional orders in Tape B Securities to the Exchange for execution in order to qualify for an incrementally higher credit for such executions that add liquidity on the Exchange. In this regard, the Exchange believes that this may incentivize ETP Holders to increase the orders sent directly to the Exchange and therefore provide liquidity that supports the quality of price discovery and promotes market transparency. The Exchange believes that the rates proposed for the Tape B Adding Tier and Tape B Step Up Tier credits are reasonable because they are directly related to an ETP Holder's level of executions in Tape B Securities during the month.

The Exchange believes that the proposed Tape B Adding Tier and Tape B Step Up Tier credits are also equitable and not unfairly discriminatory because they would incentivize ETP Holders to submit orders in Tape B Securities to the Exchange and would result in a credit that is reasonably related to an exchange's market quality that is associated with higher volumes. Moreover, like existing pricing on the Exchange that is tied to ETP Holder volume levels, the Exchange believes that the proposed Tape B Adding Tier and Tape B Step Up Tier credits are

---

midpoint orders during the month, and the member's average daily volume of liquidity provided through midpoint orders during the month is at least 2 million shares more than in April 2013. See, e.g., NASDAQ Rule 7018. See also Securities Exchange Act Release No. 69566 (May 13, 2013), 78 FR 29193 (May 17, 2013) (SR-NASDAQ-2013-075). Additionally, a member of EDGX Exchange, Inc. ("EDGX") can qualify for the EDGX Mid-Point Match ("MPM") Volume Tier by adding and/or removing an ADV of at least 3,000,000 shares on a daily basis, measured monthly, on EDGX. See footnote 3 of the EDGX Fee Schedule, available at <http://www.directedge.com/Portals/0/docs/Fee%20Schedule/2013/EDGX%20Fee%20Schedule%20-%20Junev2.pdf>. See also Securities Exchange Act Release No. 69725 (June 10, 2013), 78 FR 35996 (June 14, 2013) (SR-EDGX-2013-19).

equitable and not unfairly discriminatory because they would be available for all ETP Holders, including Market Makers, on an equal and non-discriminatory basis.

The Exchange also believes that it is equitable and not unfairly discriminatory to exclude Investor Tier 1, Investor Tier 2, Investor Tier 3, Retail Order Tier, and Retail Order Cross-Asset Tier ETP Holders from qualifying for the proposed new Tape B tiers because the ETP Holders that qualify for these specified tiers would already receive a higher credit for such executions. The Exchange believes that this is also true with respect to the proposal that an ETP Holder that qualifies for both the proposed new Tape B Adding Tier and the new Tape B Step Up Tier would receive the higher of the two credits, but would not receive credits for both tiers. In contrast, the Exchange proposes permitting Investor Tier 4 and Cross-Asset Tier ETP Holders to qualify for the proposed new Tape B tiers because, even when combined with the proposed Tape B Adding Tier or Tape B Step Up Tier credits of \$0.0002 or \$0.0004, respectively, the ETP Holders that qualify for Investor Tier 4 and the Cross-Asset Tier would not achieve an overall credit rate that is higher than that which is available under Investor Tier 1, which is the highest credit that is currently available in the Fee Schedule.<sup>16</sup> Similarly, the Exchange believes that it is equitable and not unfairly discriminatory to prohibit LMMs on the Exchange from qualifying for either of the proposed new Tape B tiers and to exclude LMM provide volume from applying to the applicable volume requirements proposed for the new Tape B tiers. This is because, like the ETP Holders that qualify for the tiers specified above, LMMs are already eligible for increased credits that range from \$0.0035 per share to \$0.0045 per share for executions of transactions that add liquidity to the Exchange.

---

<sup>16</sup> Investor Tier 4 and Cross-Asset Tier ETP Holders are eligible for a \$0.0030 credit for their executions that add liquidity on the Exchange. Investor Tier 1 ETP Holders are eligible for a \$0.0034 credit for their executions that add liquidity on the Exchange.

### **Routable Order Tier**

The Exchange believes that the proposed change is reasonable because the proposed Routable Order Tier would contribute to incentivizing ETP Holders to submit additional orders on the Exchange that are eligible to be routed away from the Exchange. This would increase the liquidity available on the Exchange because, for example, instead of an order, or a portion thereof, being cancelled immediately if the order would be routed, the order may remain available for execution on the Exchange. The Exchange believes that Routable Orders add to the quality of the Exchange's market because they are unlikely to be quickly cancelled and therefore may provide liquidity on the Exchange of a longer duration. The Routable Order Tier therefore would support the quality of price discovery and promote market transparency, thereby benefiting all market participants. In this regard, the Exchange believes that the rate proposed for the Routable Order Tier is reasonable because it takes into account the amount of Routable Orders that an ETP Holder would be required to execute on the Exchange during a month.

The Exchange also believes that it is reasonable and equitable to apply the Routable Order Tier pricing to executions of Tape A and Tape C Securities, but not to Tape B Securities. This is because existing pricing on the Exchange is often grouped according to Tape A and Tape C Securities, with separate pricing applicable to Tape B Securities. In addition, and for example, the Exchange is proposing incremental credits in this filing that would only apply to ETP Holder executions of Tape B Securities. Furthermore, the Exchange believes that it is reasonable and equitable to apply the Routable Order Tier pricing to Routable and non-Routable Orders of a qualifying ETP Holder because this would create a further incentive for ETP Holders to submit Routable Orders to the Exchange. This is also true because the thresholds applicable to the Routable Order Tier pertain to liquidity that consists of Routable Orders as well as the overall

liquidity of an ETP Holder, including non-Routable Orders.

Furthermore, the Exchange believes that the proposed Routable Order Tier is equitable and not unfairly discriminatory because all ETP Holders have the ability to designate their orders as Routable Orders. Additionally, the proposed credit of \$0.0032 per share for Routable Orders that provide liquidity to the Exchange would be available to all ETP Holders that qualify for the Routable Order Tier. The proposed thresholds are also equitable and not unfairly discriminatory because they are based on objective criteria and the same criteria would be applicable to all ETP Holders.

The Exchange also believes that it is equitable and not unfairly discriminatory for an ETP Holder that qualifies for the proposed new Routable Order Tier to not be eligible for the Tape C Step Up Tier rate for removing liquidity of \$0.0029 per share or the Tape C Step Up Tier 2 credit of \$0.0002 per share for adding liquidity. This is because the ETP Holders that qualify for these specified tiers would already receive the benefit of a lower fee for such executions that remove liquidity or a higher credit for such executions that add liquidity, respectively.

Finally, the Exchange notes that certain other exchanges also structure pricing based on routability of orders, including with respect to applicable volume thresholds that must be satisfied in order to qualify for such pricing, and that the pricing levels proposed by the Exchange are competitive with those exchanges.<sup>17</sup>

---

<sup>17</sup> For example, a NASDAQ member may participate in the Routable Order Program (“ROP”) with respect to any market participant identifier (“MPID”) through which it (i) provides an ADV of at least 35 million shares of displayed liquidity using orders that employ the “SCAN” or “LIST” routing strategies, and (ii) provides displayed liquidity and/or routes an ADV of at least 2 million shares prior to the Nasdaq Opening Cross and/or after the Nasdaq Closing Cross using orders that employ the SCAN or LIST routing strategies. With respect to SCAN or LIST orders in securities priced at \$1 or more per share that are entered through such an MPID, NASDAQ charges a fee of \$0.0029 per share executed for such orders that access liquidity in the Nasdaq Market

### **Cross-Asset Tier**

The Exchange believes that the proposed change to the Cross-Asset Tier is reasonable because the proposed reduction of the equities threshold would directly relate to the activity of an ETP Holder and, when combined with the applicable options threshold requirement, the activity of an affiliated OTP Holder or OTP Firm on the Exchange, thereby encouraging increased trading activity on both the NYSE Arca equity and option markets by making it easier for ETP Holders to qualify for the tier. The Exchange has determined to adjust the equity CADV threshold in light of current and anticipated market conditions and believes that this proposed change would provide a greater incentive to attract additional equities and options liquidity. In this regard, the Exchange also believes that the proposed change is equitable and not unfairly discriminatory because it would apply to all ETP Holders on the Exchange that are affiliated with an NYSE Arca Options OTP Holder or OTP Firm and, as a result, the proposed reduction in the equities threshold would make it easier for all such ETP Holders to qualify for the Cross-Asset Tier. The proposed change is also equitable and not unfairly discriminatory with respect to ETP Holders that are not affiliated with an NYSE Arca Options OTP Holder or OTP Firm because such ETP Holders would continue to have the opportunity to qualify for the same credit of \$0.0030 per share that is provided pursuant to the Cross-Asset Tier by qualifying for Tier 1 or any of the Investor Tiers.

Finally, the Exchange believes that it is subject to significant competitive forces, as described below in the Exchange's statement regarding the burden on competition.

---

Center and provides a credit of \$0.0037 per share executed for such orders that are displayed and that provide liquidity, in lieu of the fees or credits otherwise charged or provided under NASDAQ Rule 7018. See NASDAQ Rule 7014. See also Securities Exchange Act Release No. 68905 (February 12, 2013), 78 FR 11716 (February 19, 2013) (SR-NASDAQ-2013-023).

For these reasons, the Exchange believes that the proposal is consistent with the Act.

B. Self-Regulatory Organization's Statement on Burden on Competition

In accordance with Section 6(b)(8) of the Act,<sup>18</sup> the Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. Instead, the Exchange believes that the proposed change will encourage competition, including by attracting additional liquidity to the Exchange, which will make the Exchange a more competitive venue for, among other things, order execution and price discovery. In general, ETP Holders impacted by the proposed change may readily adjust their trading behavior to maintain or increase their credits or decrease their fees in a favorable manner, and will therefore not be disadvantaged in their ability to compete.

Specifically, all ETP Holders have the ability to submit MPL Orders and ETP Holders could readily choose to submit additional MPL Orders on the Exchange in order to qualify for the proposed new MPL Order Tier. Similarly, an ETP Holder could qualify for the proposed new Tape B tiers by providing sufficient liquidity in Tape B Securities to satisfy the applicable proposed volume requirements. Additionally, all ETP Holders have the ability to designate their orders as Routable Orders and therefore any ETP Holder could qualify for the proposed Routable Order Tier by satisfying the proposed liquidity thresholds. Finally, the proposed reduction of the Cross-Asset Tier equity threshold would apply to all ETP Holders and, while certain ETP Holders are not affiliated with an NYSE Arca Options OTP Holder or OTP Firm, such ETP Holders would be able to qualify for a credit of at least \$0.0030 per share that is provided pursuant to the Cross-Asset Tier by qualifying for any of the Investor Tiers.

Also, the Exchange does not believe that the proposed change will impair the ability of

---

<sup>18</sup> 15 U.S.C. 78f(b)(8).

ETP Holders or competing order execution venues to maintain their competitive standing in the financial markets. In this regard, the Exchange notes that certain aspects of the proposed change are similar to, and competitive with, pricing structures and applicable fees and credits applicable on other exchanges.<sup>19</sup>

Finally, the Exchange notes that it operates in a highly competitive market in which market participants can readily favor competing venues if they deem fee or credit levels at a particular venue to be unattractive. In such an environment, the Exchange must continually review, and consider adjusting, its fees and credits to remain competitive with other exchanges. The credits proposed herein are based on objective standards that are applicable to all ETP Holders and reflect the need for the Exchange to offer significant financial incentives to attract order flow. For these reasons, the Exchange believes that the proposed rule change reflects this competitive environment and is therefore consistent with the Act.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

No written comments were solicited or received with respect to the proposed rule change.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

The foregoing rule change is effective upon filing pursuant to Section 19(b)(3)(A)<sup>20</sup> of the Act and subparagraph (f)(2) of Rule 19b-4<sup>21</sup> thereunder, because it establishes a due, fee, or other charge imposed by the Exchange.

At any time within 60 days of the filing of such proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such

---

<sup>19</sup> See supra notes 15 and 17.

<sup>20</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>21</sup> 17 CFR 240.19b-4(f)(2).

action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings under Section 19(b)(2)(B)<sup>22</sup> of the Act to determine whether the proposed rule change should be approved or disapproved.

#### IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

##### Electronic comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-NYSEArca-2013-67 on the subject line.

##### Paper comments:

- Send paper comments in triplicate to Elizabeth M. Murphy, Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-NYSEArca-2013-67. This file number should be included on the subject line if e-mail is used.

To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet website (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between

---

<sup>22</sup> 15 U.S.C. 78s(b)(2)(B).



the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of such filing also will be available for inspection and copying at the principal offices of NYSE. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-NYSEArca-2013-67, and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>23</sup>

Elizabeth M. Murphy  
Secretary

---

<sup>23</sup> 17 CFR 200.30-3(a)(12).